



Updated 2 July 2002

Benefits Summary For Civilian Employees on Leave Without Pay (LWOP)

(Full and Limited Service)

This benefits summary does not apply to employees who enter LWOP for military active duty.

Employees can request, and supervisors approve, LWOP for a variety of reasons. Read on to discover how LWOP impacts your benefits.

FEDERAL EMPLOYEES' HEALTH BENEFITS (FEHB)

What happens to my health insurance when I enter a LWOP (nonpay) status? During a period of LWOP you may elect, *in writing*, to terminate your FEHB coverage or to continue it for a maximum of 365 days. A period of LWOP can also impact the tax treatment of your FEHB premium and may permit you to change your participation in premium conversion. You must notify the Benefits and Entitlements Service Team (BEST) in writing, via the attached FEHB Options While in Nonpay Status Election Form, whether you wish to continue or terminate your FEHB enrollment. If you do not return the election form, your enrollment will continue and you will be responsible for the premiums.

If I elect to continue my FEHB enrollment while on LWOP, what are my options for paying the premiums? You may elect to pay the premiums on a current basis, or incur a debt. Payment on a current basis means sending a check directly to your servicing Defense Finance and Accounting Service (DFAS) payroll office each pay period while on LWOP. An election to incur a debt means you agree to pay the resulting debt via payroll deduction after you return to duty.

May I change my premium conversion participation election based on LWOP? Yes. Entering a LWOP status and returning to duty from LWOP are both qualifying life events for the purpose of changing your premium conversion participation status. You may change from participating to not participating, or vice versa.

Does LWOP affect the tax treatment of my FEHB premium? It can. If you are currently participating in premium conversion, your premiums are withheld from your salary on a “before-tax” basis. If you elect to pay your premiums on a current basis while on LWOP, your payments will be “after-tax.” If you elect to incur a debt and have the premiums deducted from your salary after you return to duty, they will be on a “before-tax” basis. If you are not participating in premium conversion, premiums will be paid on an “after-tax” basis regardless of whether you pay on a current basis or incur a debt -- unless you change from “not participating” to “participating” upon entering into a LWOP status, or upon returning to duty.

How do I change my premium conversion participation status? Complete the FEHB Premium Conversion Waiver/Election Form and mail or fax it to the address/fax numbers listed below. The form is located on our website at <http://www.afpc.randolph.af.mil/dpc/BEST/fehb.htm>.

Is there a time limit for changing my premium conversion participation status? Yes. Premium conversion elections may be submitted 31 days prior to but no later than 60 days after the effective date of entering into LWOP, or within 60 days of returning to duty from the LWOP status.

May I use the BEST phone automated system or EBIS web application to cancel my enrollment? We recommend against using these systems to stop your enrollment, for the following reasons.

-- Using the BEST phone system or EBIS to stop your health insurance results in a “cancellation” of the enrollment. With a cancellation, you are not eligible for the 31-day automatic extension of coverage or the conversion privilege. When you return to work you will have to wait until the next open season or permissible life event to reenroll. In addition, canceling your enrollment will count as a break in the current continuous coverage you need to be eligible to take your health insurance into retirement. Finally, if you are

participating in premium conversion, you may NOT cancel your coverage except during an annual open season or upon a qualifying life event (QLE).

-- If you 'terminate' your enrollment by using the attached election form, you will be eligible for the 31-day automatic extension of coverage during which you and your covered family members may convert to an individual policy. You may reenroll in any FEHB plan within 60 days of returning to work. In addition, termination is not considered a break in the continuous coverage necessary for continuing FEHB into retirement.

What is the effective date of a termination or cancellation of FEHB coverage? If you elect to terminate now, the termination will be effective retroactive to the last day of the pay period premiums were withheld from your pay. A cancellation is effective at the end of the pay period in which you use the phone or EBIS to stop your enrollment. If you elect to continue coverage for the maximum of 365 days in a nonpay status, the enrollment will terminate at the end of the pay period in which the 365th day falls.

Is there any way to continue health insurance after it terminates? Yes. Whether you elect to terminate your coverage now or it terminates automatically after 365 days in a LWOP status, you will have a 31-day automatic extension of coverage (at no cost). During the 31-day period, you may apply to convert to an individual policy. If you cancel your coverage, as discussed above, you lose both the 31-day extension and the right to convert.

How do I apply for conversion to an individual policy? You must write to your health plan carrier, within 31 days of the termination of your health insurance, and request information on converting to an individual, nongroup contract. The carrier will provide you with an application for conversion, and information on benefits and costs. Additional information on the conversion process may be found in Part B on the reverse side of the Standard Form 2810 (Notice of Change in Health Benefits). BEST will provide you with the SF 2810 if you elect to terminate your coverage now, or when it terminates at the end of 365 days in a nonpay status.

I plan to continue my FEHB enrollment during LWOP. What happens if I separate from employment prior to completing 365 days LWOP? What happens if I separate after completing 365 days LWOP?

If you separate prior to or on the 365th day of LWOP, your FEHB enrollment will terminate based on the separation, and your servicing CPF will provide you with an SF 2810. You will have a 31-day automatic extension of coverage, during which you may convert to an individual policy or apply for Temporary Continuation of Coverage (TCC). If you separate from employment, your CPF should provide you with our brochure "Benefits Summary for Separating Employees," or you may obtain it by visiting our Separating Employees Page at <http://www.afpc.randolph.af.mil/dpc/BEST/bestbrochures.htm>. While there, be sure to look at the following items: "Temporary Continuation of Health Benefits Coverage," "Termination, Extension or Conversion of Your Life Insurance Coverage," and "Withdrawing Your TSP After You Separate."

A separation from employment after the 365th day of LWOP is immaterial. Your health insurance will be terminated based on completion of 365 days LWOP, with the 31-day extension of coverage and conversion to individual policy option.

I am not currently enrolled in health insurance. May I enroll upon returning to duty from LWOP? If you were not enrolled at the time you entered on LWOP, you may enroll upon return to pay status *only* if a qualifying event occurred while you were on leave without pay.

FEDERAL EMPLOYEES' GROUP LIFE INSURANCE (FGLI)

What happens to my life insurance when I enter a LWOP status? Your life insurance coverage continues, at no cost to you, for the first 12 months of nonpay status. The 12 months may be continuous or broken by periods of less than four consecutive months of pay status. Your coverage will stop at the end of the day on which you complete 12 months in a nonpay status, subject to a 31-day temporary extension of coverage and conversion privilege. Exception: if you are in a nonpay status because you are receiving workers compensation benefits, your life insurance coverage will continue, if you are otherwise eligible, and

your continued coverage is not free. The Department of Labor will withhold premiums from your compensation payments.

I'm receiving benefits from the Department of Labor, Office of Workers' Compensation Programs (OWCP). Do I still have life insurance? To continue life insurance benefits as an OWCP compensation, you must have carried FEGLI for the 5 years of service immediately before the beginning date of compensation or, if you had it less than 5 years, for the full period(s) of service during which you were eligible to be insured.

How will I know if I am eligible to convert to an individual policy? When your insurance terminates because you have reached 12 months in a nonpay status, BEST will provide you with an SF 2819 (Notice of Conversion Privilege). The SF 2819 represents notice of the loss of life insurance coverage and the right to convert.

How do I apply for conversion to an individual policy? You will need to complete Part C of the SF 2819 and contact BEST to request an SF 2821 (Agency Certification of Insurance Status). Send both the SF 2819 and SF 2821 to the Office of Federal Employees' Group Life Insurance (OFEGLI) at **P.O. Box 2627, Jersey City NJ 07303-2627**. (This is a new address – do not use the address on the back of the forms.) You must mail the SF 2819 to OFEGLI within 31 days of the date FEGLI terminates or the date you receive the SF 2819, whichever is later. In the event you do not receive the SF 2821 from BEST, please call for a status; however, do not delay sending the SF 2819 to OFEGLI. Send the form anyway while you await the SF 2821.

What if I return to work after my life insurance has been terminated? Your previous coverage will be reinstated.

What happens to my life insurance if I separate from Federal employment? FEGLI coverage terminates (stops) at the end of the day on which you separate from Federal service, subject to a 31-day temporary extension of coverage and conversion privilege. Exception: If you are retiring, transferring to another federal agency, or receiving worker's compensation, you may be eligible to continue your coverage.

THRIFT SAVINGS PLAN (TSP)

Can I contribute to my TSP account if I am in a LWOP status? No. Employee contributions to TSP accounts must be made as deductions from civilian basic pay. Consequently, if you are in a nonpay status for one or more pay periods, you cannot contribute to your TSP account for these periods. In addition, FERS employees will not receive agency contributions.

Can I make a TSP contribution election if I am in a nonpay status? Yes. You may make a contribution election (using the BEST phone system or EBIS web application) any time during a TSP Open Season. The election will be processed, even though no contributions can be made to your account while you are in nonpay status. As soon as your pay resumes, your TSP contributions will be deducted based upon your most recent contribution election.

What if I have a TSP loan and I am placed in LWOP status? Because TSP loan payments are made only through payroll allotments, a period without pay will result in missed payments. When you enter into an approved LWOP status, loan payments can be suspended for the nonpay period, but only up to one year, due to Internal Revenue Service (IRS) rules. Interest will accrue while your payments are suspended.

What must I do to have my TSP loan payments suspended? You must submit a copy of the SF 50 (Notification of Personnel Action) documenting the LWOP status, to the Accounts Maintenance Branch, Thrift Savings Plan Operations Office, National Finance Center, P.O. Box 61820, New Orleans LA 70161-1820. If the initial SF 50 is for less than one year, you will also need to provide any subsequent SF 50(s) processed which extends your LWOP status. Failure to provide the SF 50(s) may have adverse tax consequences. If you miss payments for 90 days or less, your loan payment schedule will be extended. If you miss payments for more than 90 days but less than 1 year, your loan must be reamortized. If you fail to have the loan reamortized or fail to repay the loan, a taxable distribution may be declared. If you are in nonpay status and no payments are made for a year, you must repay the loan in full by the end of the year of nonpay status or a taxable distribution will be declared. You will be liable for income taxes on the amount

reported to the IRS, and depending upon your age and employment status, you may also be liable for a 10% early withdrawal penalty. The TSP Service office will send you the appropriate tax form by Jan 31 of the following year. The taxable distribution accounts for the portion of your loan and interest you failed to repay to your TSP account.

If I return to a pay status and resume loan payments, will the loan repayment period be extended by the time in LWOP status? No. You must still repay your loan within the required time frames of 5 years for general purpose loans and 18 years for residential loans. Unless you repay your loan in full by the required deadline, TSP will close your loan by declaring a taxable distribution of the outstanding balance of the loan.

Can I receive a TSP loan while I am in a nonpay status? No. Under the TSP loan program, loan payments can be made only through payroll deductions. Consequently, if you are in nonpay status (even though you may be receiving workers' compensation benefits), you cannot receive a TSP loan until your pay resumes.

Please annotate your elections on the attached form and return it to BEST at the address at the bottom of the form.

Receipt acknowledgement: _____
Employee Signature Date

**AIR FORCE PERSONNEL CENTER
BENEFITS AND ENTITLEMENTS SERVICE TEAM (BEST)**

**HQ AFPC/DPCMB
550 C Street West Ste 57
Randolph AFB TX 78150-4759**

**U.S. TOLL-FREE NUMBER: 1-800-997-2378 LOCAL: (Commercial) 527-2378
U.S. TOLL-FREE TDD NUMBER: 1-800-382-0893 LOCAL: (Commercial) 565-2276
AFTER SEPARATION: 1-800-540-4047 LOCAL: (Commercial) 527-2399**

**OVERSEAS: Dial an MCI or AT&T Toll-Free Direct Access Number (obtain from CPF)
OVERSEAS TDD: Dial an MCI or AT&T Direct Access TDD Number (obtain from CPF)**

BEST Fax Number: DSN 665-2936 or Commercial 210-565-2936

**BEST Web Site: <http://www.afpc.randolph.af.mil/dpc/BEST/menu.htm>
AFPC Web Site: <http://www.afpc.randolph.af.mil/dpc>**

**Thrift Savings Plan Operations Office
Accounts Maintenance Branch
P.O. Box 61820
New Orleans LA 70161-1820**

Return Both Pages of This Acknowledgement Form

FEHB OPTIONS WHILE IN NONPAY STATUS ELECTION FORM

Employee Name _____ SSN _____ Date _____
(Print Legibly)

Each pay period you are enrolled in the FEHB program, you are responsible for payment of the employee share of the premium. When you enter nonpay status, or your pay is insufficient to cover the premium, you must:

- Terminate the enrollment; *or*
- Continue the enrollment and agree to pay the premium on a current basis or incur a debt.

TERMINATING THE ENROLLMENT: If you elect to terminate your enrollment, the termination will take effect at the end of the last pay period in which premiums were withheld from pay. FEHB coverage will continue at no cost to you for an additional 31 days. During the 31 days, you and your covered family members may convert to an individual contract with your insurance carrier. The termination is not considered a break in the continuous coverage necessary for continuing FEHB coverage into retirement. However, the period during which the termination is in effect does not count toward satisfying the required 5 years of continuous coverage. When you return to pay and duty status, or at the end of the first pay period your pay becomes sufficient to cover your premium, you must reenroll within 60 days if you want FEHB coverage.

CONTINUING THE ENROLLMENT AND AGREEING TO PAY THE PREMIUM: If you elect to continue your coverage, you must elect to pay the premiums directly to Defense Finance and Accounting Service (DFAS) on a current basis or to incur a debt for the amount of the unpaid premiums. If you elect to pay the premiums directly to DFAS, these payments will be made with “after-tax” monies even if you were participating in premium conversion while in a pay status since health premium deductions can only be treated as pre-tax payments if they are deducted from pay. If you elect to pay directly, contact your local payroll customer service representative to obtain the DFAS address where the check or money order should be sent, and who to make the check payable to. Include on the check your name, social security number, a note that the payment is for “FEHB premium” and the pay period for which the payment is being made.

If you elect to incur a debt, the repayment of the debt will be deducted from your pay after you return to duty, and if you are participating in premium conversion at the time the deduction is made, it will be treated as a pre-tax payment. You can change your premium conversion participation when you return to a pay status. It does not matter whether you participated in premium conversion at the time the debt was incurred. If you are participating when the debt repayment deductions are made from your pay, they will be afforded pre-tax treatment.

If you elect to incur a debt, or if you elect to pay directly but fail to pay the entire amount due, you will receive a notice stating the total amount due. The notice will be sent when you return to pay status, your pay becomes sufficient, or you separate from employment with the Federal government. By electing to continue coverage, you agree the amount due will be withheld from salary by deducting the regular premium and an additional premium per pay period until the debt is paid. If the amount due cannot be withheld in full from salary, it will be recovered from a lump sum payment of accrued leave, income tax refunds, amounts payable under the Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS), or any other source normally available for the recovery of a debt due the United States government.

Upon the completion of 365 days of continued coverage during LWOP, your coverage will terminate with a 31-day extension of coverage, at no cost, and the option to convert to an individual, nongroup contract.

Please check the appropriate space(s) below, sign, and mail both pages of this notice to HQ AFPC/DPCMB, 550 C Street West Ste 57, Randolph AFB TX 78150-4759, or fax them to DSN 665-2936 or (210) 565-2936.

After reading and understanding the above, I elect to:

- Continue the enrollment

(Check one):

_____ Submit direct payments to DFAS on a current basis

_____ Incur a debt

Signature_____ Date_____

- Terminate the enrollment

Effective Date of LWOP_____

(Date)

Signature_____ Date_____